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News Release

DES Director Clarence H. Carter and Arizona Attorney General Tom Horne

FOR IMMEDIATE RELEASE

March 27, 2013

Undercover Food Stamp Fraud Operation Leads to Investigation at Phoenix Store

Multiple-Agency Effort Identifies Nearly \$1 Million of Taxpayer Money Stolen by Local Business through Food Stamp Fraud

PHOENIX (Wednesday, March 27, 2013) – A multi-agency task force today announced an investigation leading to the identification of four people who work at Dollar Dayz general store located at 1602 West Buckeye Road in Phoenix for Illegally Conducting an Enterprise, Fraudulent Schemes and Artifices, Money Laundering, Unlawful Use of Food Stamps and Computer Tampering.

The investigation comes after months of a coordinated undercover operation involving the United States Department of Agriculture - Office of the Inspector General (USDA OIG), Phoenix Police Department (PD), the Arizona Attorney General's Office, and the Arizona Department of Economic Security, Office of Special Investigations.

At 12 PM, a Special Assignment Unit of the Phoenix PD made entry into the Dollar Dayz general store, securing it and allowing search warrants to be served so that criminal and civil evidence could be gathered. Examples of evidence include cash, bank records, extraneous food stamp cards, and business ledgers.

In this case, it is alleged that on multiple occasions the store provided cash to individuals in exchange for SNAP (food stamp) benefits in fraudulent transactions during the course of the investigation. Preliminary data from USDA estimates fraud against the SNAP program exceeded \$700,000 from this store location alone since 2010.

"Today's bust – the second of its kind this year – is a true testament to what can be accomplished when federal, state and local agencies work together," said Governor Jan Brewer. "I commend all involved for their efforts to uncover this fraudulent behavior and bring to justice the individuals who would take advantage of a government program. We will continue our efforts to protect the Arizona taxpayer and uphold the public trust."

"This is an unfortunate example of a business stealing taxpayer money by allowing a person with a food stamp card to purchase a small item and overcharge the card in order to make a profit," said Attorney

General Tom Horne. "With tens of thousands of dollars being claimed by a store with two aisles of food, it is physically impossible for Dollar Dayz to have made the volume of sales they are claiming."

Pursuant to the federal Food and Nutrition Service (SNAP), card recipients are permitted to use benefits only for eligible food items. By law, SNAP benefits cannot be exchanged or redeemed for cash. In a typical criminal transaction, the seller receives a portion of the value of the card in cash and the buyer, in this case the store-owner, removes the benefits from the card through sham transactions.

"Arizona is leading the way in fraud management, prevention and detection," said Director Clarence H. Carter. "Unfortunately, there are those in our society who deliberately act to defraud the very system of benefits, goods and services intended to help the people most in need in our community. But with cooperation from local, state and federal officials, we are building and maintaining an agency-wide system of tools and controls that, combined with rigorous enforcement, will help us to ensure that these precious resources are reserved for those who are intended to receive them and used for their appropriate purposes."

"The USDA OIG has the responsibility for protecting the integrity of the Supplemental Nutrition Assistance Program (SNAP) which is a major investigative priority," said Special Agent-in-Charge Lori Chan, United States Department of Agriculture (USDA), Office of Inspector General (OIG), Western Region. "OIG conducts investigations in each region of the U.S. to deter and uncover criminal activity that undermines important USDA nutrition programs. Vendors who engage in SNAP fraud exploit the program's needy beneficiaries, and misuse the substantial funding that taxpayers provide. Therefore, we need to ensure SNAP funds are used for their intended purpose, feeding families, not for the enrichment of criminal enterprises. We would like to thank the Attorney General's Office, the Department of Economic Security, Office of Special Investigation, and the Phoenix Police Department for their assistance in this investigation and look forward to their continued support in combating SNAP fraud."

"The success of this investigation is a result of collaboration and teamwork with our established partners from multiple agencies," said Phoenix Police Chief Daniel V. Garcia. "I believe this investigation will have an immediate positive affect on the citizens of Phoenix and in particular the South Mountain Precinct. We will continue to target criminals, criminal behavior and locations where crime occurs."

This is the second store to be busted for food stamp fraud in 2013 by this inter-agency group that calls themselves "StrikeForce: Quest" after the Quest food stamp card.

These are merely allegations, and defendants are presumed innocent until and unless proven guilty in a court of law.

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